

Huw Merriman MP
Chair
Transport Select Committee
House of Commons
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Re: Transport Select Committee session on Coaching

Dear Huw,

At your Transport Select Committee session on Coaching on the morning of Wednesday 24th March, Michael Pearson of TM Travel stated the following in his evidence, in response to a question inferring that support for services had predominantly gone to 'big five' operators (Q16):

Chair: Mick, was that the same situation with you?

Michael Pearson: Yes, completely. Most of it would have gone to the large bus operator in our area, Go North East. Over the last year, as we have been struggling to pay bills, they have used whatever Government support they have had to buy new fleets of buses. They have also used it to buy fleets of coaches, which is a bit out of the ordinary for those types of operators. They have now started a coaching division out of the support moneys that they have received and are going after work that we would normally have done. We did not get any of that money at all.

This was said in the context of a question on the DfE funded support for additional home to school transport to ensure social distancing.

We wish to make clear the following points to address the claims Mr Pearson made:

1. Go North East has not purchased any new vehicles out of the CBSSG support – the terms of the arrangement do not allow for that and it is subject to external audit
2. No additional private hire coaches have been added to our fleet during the pandemic
3. Our coaching unit is predominantly focussed on National Express work which is not subject to CBSSG or any other support. 100 drivers are normally involved in this work and the unit has incurred substantial losses during the pandemic. Some of the vehicles and drivers have been re-deployed on DfE funded school duplicate contracts, mainly working under contract to Arriva or Stagecoach as the lead operators. We have not sought to undercut any local operators with these short-term contracts, in fact a premium has been charged because of the short-term nature of this work and the need to de-brand and then re-commission the coaches to/from

National Express contract work. These vehicles have proved popular because of the need for PSVAR compliant vehicles, which I believe has been a factor that may have affected the ability of some coach operators to undertake some of this work when it is aligned to stage carriage local bus services.

As a local bus operator we are in receipt of the DfT's Covid 19 Bus Service Support Grant (CBSSG) in order to support the provision of local bus services at a level higher than current market volumes would demand under normal economic conditions, and to support extra capacity provision in respect of social distancing, as well as maintain transport links for key workers, all to broad levels set by the DfT.

There are various conditions attached to this funding. As well as not allowing any profit to be made, it also does not allow for capital investment. Coach operations are excluded and accounted for separately

There was substantial investment in our bus fleet at the start of 2020, including in new vehicles that came in to service in late 2020. However all of this was capital investment committed to prior to the pandemic and funded by our company cash reserves in the usual way. Only standard depreciation charges are applied to monthly accounts and therefore considered under the CBSSG support.

I hope that the above helps allay any concerns, and that this clarification will inform any report that this evidence session feeds into.

As the North East's largest bus operator, we always set out to operate in a sustainable and responsible way. Indeed, we have worked with the SME coach sector in parts of our operation during the pandemic, sub-contracting large rail replacement contracts to family-owned local coach firms Stanley Travel and JH coaches, and the latter has also been sub-contracted to operate a shuttle bus contract on our behalf to the Nightingale Hospital mass vaccination centre in Sunderland.

Yours sincerely,



Martijn Gilbert
Managing Director
Go North East